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Of Attorneys for RenX Group II, LLC, Debtor-in-possession*.
*Pending Application to Employ

IN THE BANKRUPTCY COURT OF THE UNITED STATES
FOR THE DISTRICT OF OREGON

In re:

RenX Group II, LLC

Debtors-in-possession.

Case No. 17-33139-tmb11

DEBTOR STATEMENT IN
ADVANCE OF CASE MANAGEMENT
CONFERENCE

In anticipation of topics of interest to the Court to be discussed at the Case Management Conference scheduled by the Court for September 19, 2017, Debtor provides the following information:

Leases/Contracts

Debtor current has three active leases. First, the tenant at 444 Bridge Street, Fairview, OR 97024 is subject to a month to month lease agreement for \$1,000. Debtor will assume that lease.

Next, the tenant at 8944 N. Clarendon Ave is subject to a month to month lease. Debtor will reject that lease and replace the tenant in due course to increase cash flow.

Finally, Debtor has a yearly lease with the tenants at 237 Nevada St., Portland, OR 97219. 10 months remain in that lease and Debtor will assume that contract.

Motions for Relief from Stay

No motions for relief have been filed as of the time of this Statement.

Cash Collateral / Adequate Protection

Debtor's Big Blue Lodge is subject to four deeds of trust. Deutsche Bank, the senior deed of trust holder, completed foreclosure and received judgment in Clackamas County Circuit Court Case Number CV12090655 declaring all other Deeds of Trust to be inferior to its claim. That Deed of Trust does not have an assignment of rent provision. However, the fully unsecured Deeds of Trust held by Robert & Melody Johnson, Jeffrey Kantor, and Jimmy Drakos all have assignment of rent provisions. Sufficient rental income is being generated from the other rentals to support Debtor's budget without affecting the cash collateral, but out of an abundance of caution, Debtor will be filing a Motion for authority to use cash collateral.

Debtor is currently using all secured collateral which consists of five parcels of real property as detailed below. All assets are currently insured against loss, insurance premiums are current, the relevant lenders are listed as loss payee and the United States Trustee has been added as an interested party to receive notices if insurance were to lapse. These assets include:

- A) Real property located at 87287 Government Camp Loop, Government Camp, OR 97028 that serves as Debtor's short term ski rental lodge. Four mortgages are associated with the Property. Deutsche Bank holds a first position note in the approximate amount of \$1,236,875.14, Robert and Melody Johnson hold a second position Note in the amount of \$225,000, Jeffrey Kantor holds a third position Note in the amount of \$17,332.60, and Jimmy Drakos holds a fourth position Note in the amount of \$17,140.60. A foreclosure judgment was entered in favor of Deutsche Bank in case number CV12090655. The property has an estimated value of \$750,000. Debtor has commenced negotiations on an adequate protection order and ultimate

plan treatment with the foreclosure counsel for Deutsche Bank.

- B) Real property located at 237 Nevada Street, Portland, OR 97219 that is a residential rental property generating revenue from tenants with a year-long agreement. Nationstar Mortgage holds a note with an approximate balance of \$625,000.00 secured to the property by a first position deed of trust. The real property has an estimated value of \$750,000.00. There is also one junior lien on the property in favor of JP Morgan Chase Bank, N.A. in the approximate amount of \$197,650. Debtor anticipates commencing negotiations on an adequate protection order and ultimate plan treatment with the creditor shortly.
- C) Real property located at 3395 Summerlin Drive, West Linn, OR 97068 that is a residential rental property. Debtor is currently in negotiations with a new tenant to rent the property and anticipates it will be rented soon. Wells Fargo Bank, N.A. holds a note with an approximate balance of \$365,000.00 secured to the property by a first position deed of trust. The real property has an estimated value of \$318,000.00. There is also a junior lien held by Wells Fargo, N.A. in the approximate amount of \$22,500. Debtor anticipates commencing negotiations on an adequate protection order and ultimate plan treatment with the creditor shortly.
- D) Real property located at 444 Bridge Street Fairview, OR 97024. The property is a residential rental currently occupied by a month to month tenant. Nationstar Mortgage, LLC holds a note in the approximate amount of \$322,145 secured to the property by a first position deed of trust. The real property has an estimated value of \$325,000.00. Nationstar Mortgage, LLC also holds a second position Note secured to the property by a Deed of Trust in the approximate amount of \$39,455. Debtor

anticipates commencing negotiations on an adequate protection order and ultimate plan treatment with the creditor shortly.

E) Real property located at 8944 N. Clarendon Ave, Portland, OR. The property is a residential rental currently occupied by a month to month tenant and Debtor is currently looking to replace the tenant. Beneficial of Oregon holds a note in the approximate amount of \$265,350 secured to the property by a first position deed of trust. The real property has an estimated value of \$150,000.00. Two judgment lien creditors are also attached to this property, Capital One Bank for approximately \$1,200 and Columbia Collection Service for approximately \$4,855. Debtor anticipates commencing negotiations on an adequate protection order and ultimate plan treatment with the creditor shortly.

Operation of Debtors' Business

Debtor-in-possession is an Oregon Limited Liability Company that operates two businesses. First as a residential rental business and agent for home renovation and resale. 2 of the 3 currently rented rental properties are month to month tenancies and one is a term tenancy that ends in 10 months. Debtor-in-possession provides end to end management of the rentals before, during and after occupancy. Debtor-in-possession will then utilize subcontractors to improve buildings and list them for sale after renovation. Debtor-in-possession projects steady cash flow from these sources. Due to the intractable positions of the Secured Lenders, Debtor has deferred most non-emergency maintenance on the homes, and with this reorganization it will have incentive to repair and enhance the properties for greater rental cash flow after Plan confirmation. In addition it will resume making newly amortized payments to the secured claimants, and may ultimately sell the properties. Debtor recently acquired these properties and

its financial history deals solely with the Ski Lodge. Debtor is also on extension for its 2016 tax returns.

The second business run by Debtor is a vacation rental at a ski lodge in Government Camp. The business utilizes an online website to advertise for short term rentals and generally sells out during the holiday season. The Debtor's manager helps operate the business and utilizes contractors to assist with cleaning after guest departure. The historical budget will deal solely with the financial history of this property.

Debtor-in-possession does not anticipate the case filing will have a negative impact on any business operations. In support, Debtor includes with this statement a) Weekly 120 day Cash Flow Statement as Exhibit A, b) Statement of Income and Expenses since the date of filing as Exhibit B, and c) 3 year Historic Financial Information as Exhibit C.

Chapter 11 Plan Preview

Debtor anticipates filing a workout plan to provide for restructured payments to those creditors secured by real property and for a dividend to general unsecured creditors of not less than the best interest test amount or absolute priority rule. Debtor may utilize the new value exception if it cannot obtain approval from the unsecured creditor class. As reorganized, Debtor will retain ownership of all other assets. Debtor expects to file a Plan and Disclosure Statement outside the exclusivity period but if it is successful in negotiations, may seek to extend the exclusivity period if agreement can be reached with the unsecured creditors. Debtor estimates the total administrative expenses to be approximately \$40,000 and estimates those fees will be incurred in the following months and amounts: August - \$2000, September - \$4000, October - \$2000, November - \$6000, December - \$7000, January - \$6000, February - \$5000, March - \$5000, April - \$2000.

Feasibility

Debtor believes that a reasonable likelihood of a successful Chapter 11 workout exists.

Debtor has functioning and profitable rentals which will generate positive cash flows into the future once the loans are restructured. Debtor anticipates that it will receive a large cash infusion from its Affiliate(s) or it will obtain post-petition financing, with proper court approval, to perform any Plan obligations not funded by the rental cash flow. With modifications to secured debt terms, the reorganized Debtor will provide greater value to secured creditors through retention and payment of debt than these creditors stand to gain through a liquidation of their collateral in its current condition. The unsecured creditors will receive more than they would receive in a chapter 7 liquidation or in a Trustee or Sheriff auction pursuant to Oregon State law.

Application for Employment of Professionals

Debtor has filed an Application to Employ the undersigned as counsel on August 22, 2017 which is pending before the court. Debtor anticipates filing an application to employ an accountant to assist in preparation of 2015 reports and to analyze tax implications of the filing. Debtor does not anticipate filing applications for interim fees to professionals.

DATED this 13th day of September, 2017

Respectfully Submitted:

/s/ Theodore J Piteo
Michael D. O'Brien, OSB# 951056
Theodore J. Piteo, OSB#090311
Of Attorneys for Debtor-in-Possession

In re RenX Group 2, LLC
Case No. 17-33139-tmb11

CERTIFICATE OF SERVICE

I hereby certify that on 9/13/17, I served the foregoing **Statement in Advance of Case Management Conference** on the following parties by mailing to each at the address below in a sealed envelope, with postage prepaid, and deposited in the United States Post Office:

Debtor

I further certify that the following person(s) will be served electronically when the foregoing document is filed with the court:

CARLA GOWEN MCCLURG on behalf of U.S. Trustee US Trustee, Portland
carla.mcclurg@usdoj.gov

THEODORE J PITEO on behalf of Debtor RenX Group II, LLC
ted@pdxlegal.com, enc@pdxlegal.com; hugo@pdxlegal.com; reception@pdxlegal.com

MIKE SCOTT on behalf of Creditor U.S. Bank Trust, N.A.
mscott@mccarthyholthus.com

US Trustee, Portland
USTPRegion18.PL.ECF@usdoj.gov

/s/Theodore J Piteo
Theodore J Piteo, OSB#090311
Of Attorneys for Debtors

Cash Flow - 120 Day - Weekly Budget
RenX Group II, LLC

EXHIBIT A

	Weekly	Monthly	4 Month	
Business (Gross)~		\$3,325.00	\$13,300.00	\$53,200.00
				Total Income (4 Months): \$53,200.00
Expenses(Business):				
Adequate Protection Payments	Paid Monthly	\$350.00	\$1,400.00	
Owner Draw		\$0.00	\$0.00	\$0.00
Insurance	Paid Monthly	\$541.00	\$2,164.00	
Auto Fuel		\$0.00	\$0.00	\$0.00
	Budgeted Monthly for any arising			
Maintainence/Supplies	expenses	\$1,500.00	\$6,000.00	
Utilities*	Paid Monthly	\$1,200.00	\$3,200.00	
Short term Cleaning costs		\$375.00	\$1,500.00	\$6,000.00
Property Taxes		\$625.00	\$2,500.00	\$10,000.00
UST Fees	Paid Qtrly		Paid Qtrly	\$325.00
				Total Expenses (4 Months) \$29,089.00
				Total 120 Day Net Cash Flow: \$24,111.00

~ Amounts listed include an estimated amount for the short term rental on Mt. Hood

* Currently paid by Tenants in all but one occupied home

Debtor will pay currently active utilities in vacant house (water/sewer/heat)

Exhibit B to Debtor Case Status Management Statement

Date of Filing 8/22/2017

Income Since Date of Filing:

Rents	\$6,637
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Expenses since Date of Filing (Paid):

Insurance(September):	\$541
Insurance Deposit(refundable):	\$167
Cleaning	\$2,083
Bank Fees	\$25
Vacation Rental Advertisment	\$240
Other misc items	\$1,824

Expenses since Date of Filing (Unpaid):

None

3 Year Historical

Exhibit C

In re RenX Group II, LLC
 Debtor-in-possession
 17-33139-tmb11

Three Year Historical Financial Information
 Based off Actual 2013, 2014, 2015 Tax Returns

	2013	2014	2015	2016
INCOME				*On Extension
<u>Investment Property Rental</u>				
Rental Receipts	\$49,672	\$96,143	\$83,303	
Rental Expenses	\$28,557	\$33,973	\$25,454	
Depreciation	\$8,124	\$28,446	\$20,511	
Net Rental Income	\$12,991	\$33,724	\$37,338	
EXPENSES				
Repairs	\$15,460	\$0	\$7,067	
Taxes	\$562	\$0	\$0	
Auto, Travel, and Meals	\$0	\$0	\$818	
Utilities	\$2,851	\$1,439	\$350	
Management Fees	\$5,686	\$17,697	\$9,000	
Supplies and Bank Fees	\$0	\$0	\$1,692	
Merchant Fees	\$739	\$369	\$569	
Insurance	\$822	\$0	\$3,785	
Advertising	\$2,337	\$0	\$0	
Cleaning and Maintenance	\$0	\$14,468	\$2,173	
Legal & Professional	\$0	\$0	\$3,299	
NET POSITIVE CASH FLOW*	\$21,115	\$62,170	\$57,849	

*All data for 2013, 2014, and 2015 come from Debtor's actual filed tax returns.
 Depreciation was added back in for Cash Flow number